Trendlines

January/February 2008

Perspectives on Utah's Economy

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Emerging Occupations

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Department of Workforce Services

Trendlines

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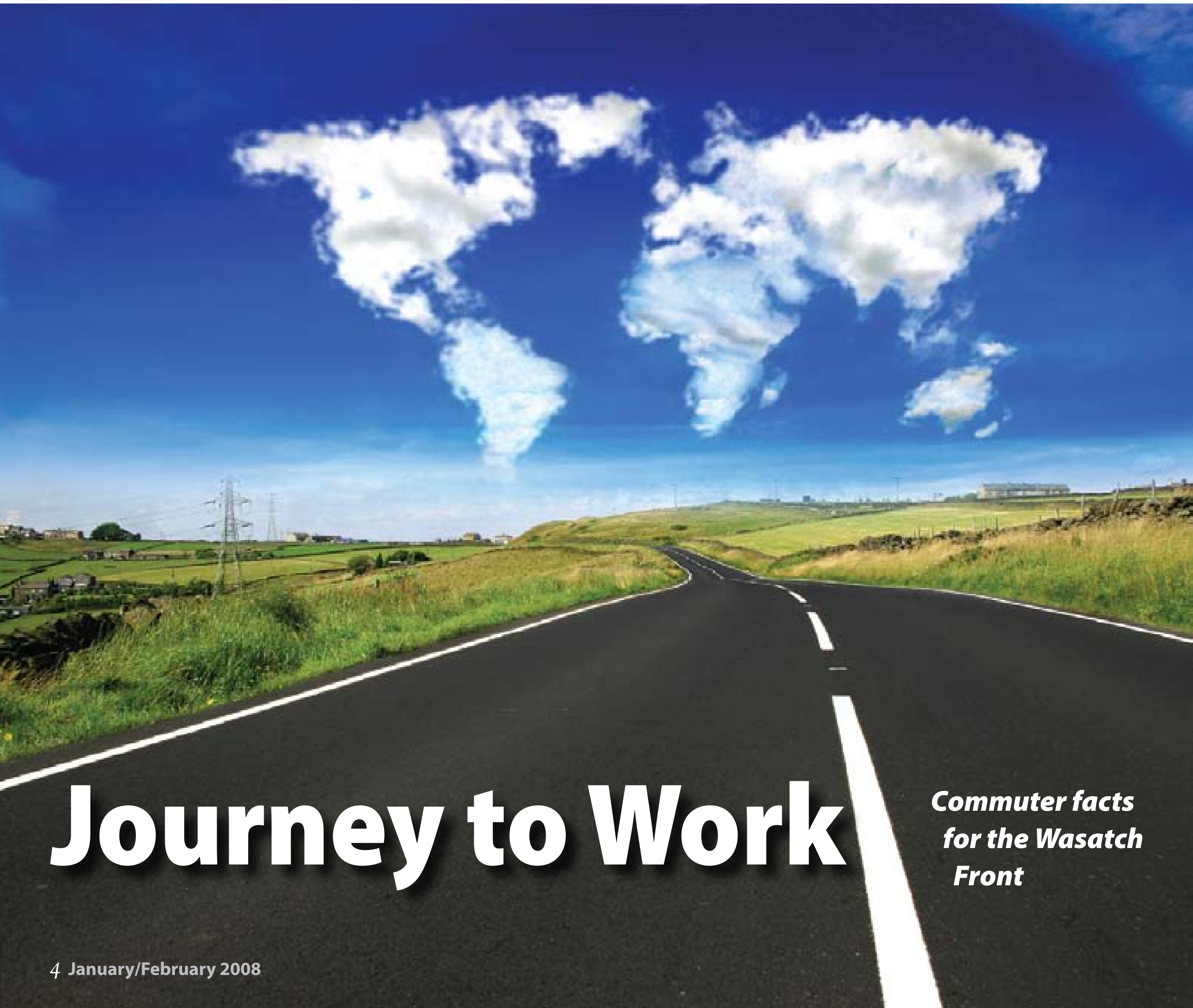
Utah's Economy: A Look Forward and Back

contents

Last fall the U.S. Bureau of the Census released results from the American Community Survey (ACS) for counties with populations of over 65,000 inhabitants. This is just the second annual release of demographic, economic, social, and housing data from this relatively new survey that replaces the "long form" questions from the once-each-decade Census. Responses to the ACS are obtained from about 14,900 households and 800 persons living in group quarters (i.e. college dormitories, nursing homes, jails) throughout the state of Utah.

As part of the ACS, labor force information is collected which includes several "journey-to-work" questions. These questions tell us how people get to work, how long their commute to work takes, and whether their job is located outside their county of residence. This information provides insights into the mobility of the labor force, particularly for the Wasatch Front—urban core—counties of Salt Lake, Utah, Davis and Weber.

In 2006, most Utahns (75.2 percent of workers) went to work alone in cars and trucks, as did commuters in the nation as a whole (76 percent). Of the urban core counties, Davis had the highest percent of workers driving alone (79.8 percent) and Utah County had the lowest (71.6 percent). In the U.S. 10.7 percent of workers use a car pool to get to work, while 13.1 percent do in Utah and 12.7 percent car pool to work among the urban core counties. Public transit accounts for a relatively small proportion of commutes to work (see graph).

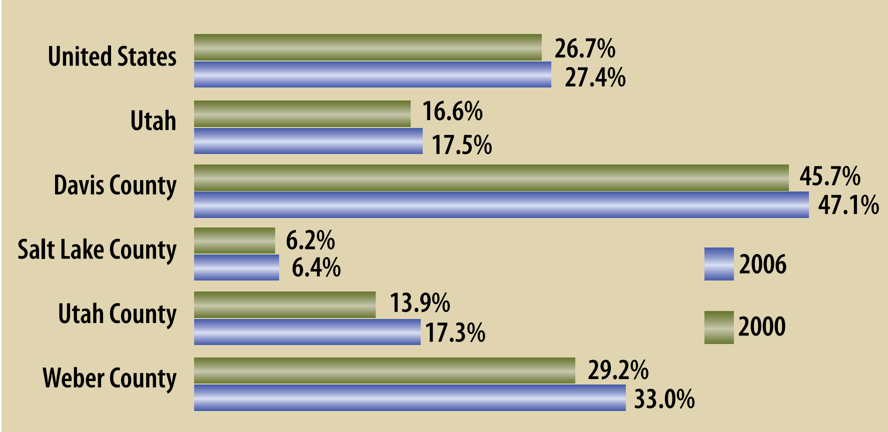


Journey to Work

Commuter facts for the Wasatch Front

Workers indicated that, in Utah and in the U.S., travel times to work have not increased in 2006 compared to those reported in the 2000 Census. This is, by in large, accurate for the urban core counties with Salt Lake experiencing a reduction from 22.5 minutes in 2000 to 21.3 minutes for the average commute, and Utah County's average commute increasing from 18.8 minutes in 2000 to 20.4 minutes in 2006.

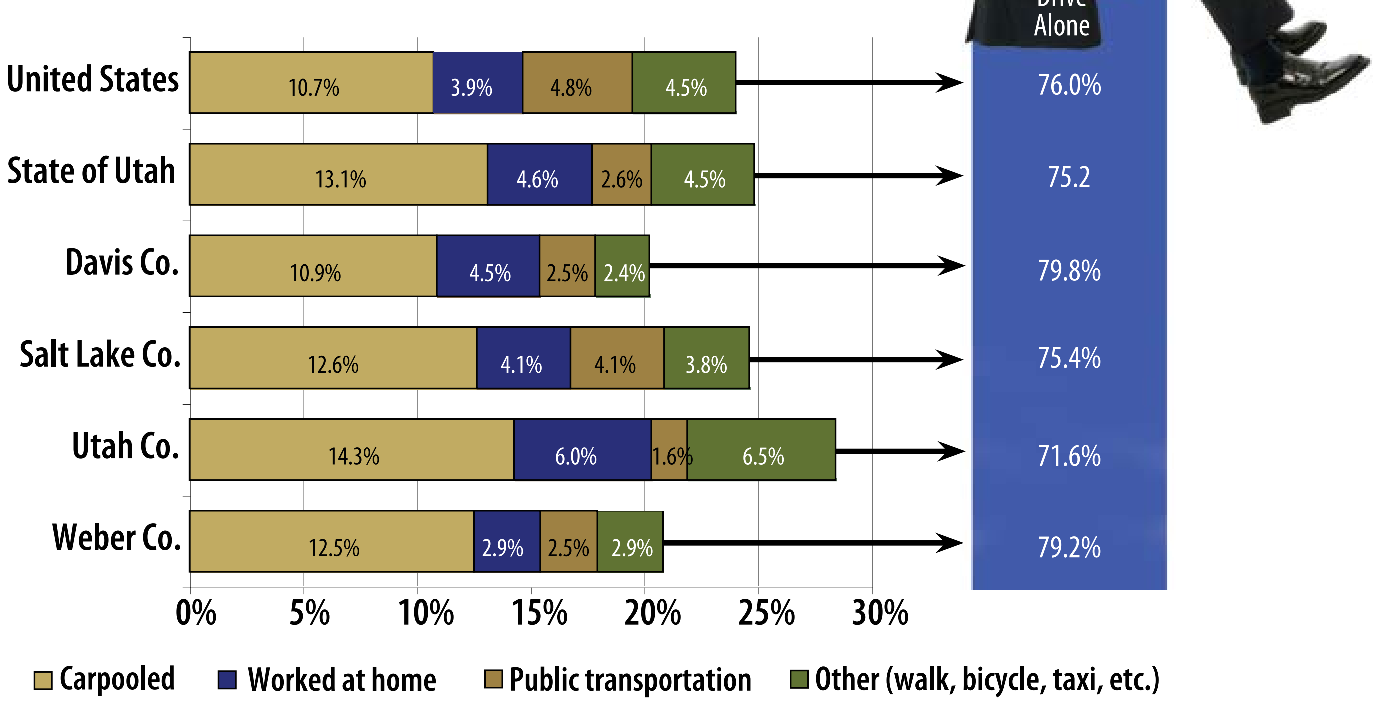
One trend that the ACS data confirms is the continuing increase in the percentage of workers who commute to jobs outside their county of residence to work. This is true for Utah and particularly true for the urban core counties (see graph). On average, 17.5 percent of Utahns leave their resident county to work. Among Utah's counties, there is considerable variation in the percent of workers who commute outside their county of residence to work. Of course most commutes are to employment centers, with Salt Lake City as Utah's capital city and economic hub, seeing a major influx of workers from all surrounding counties.



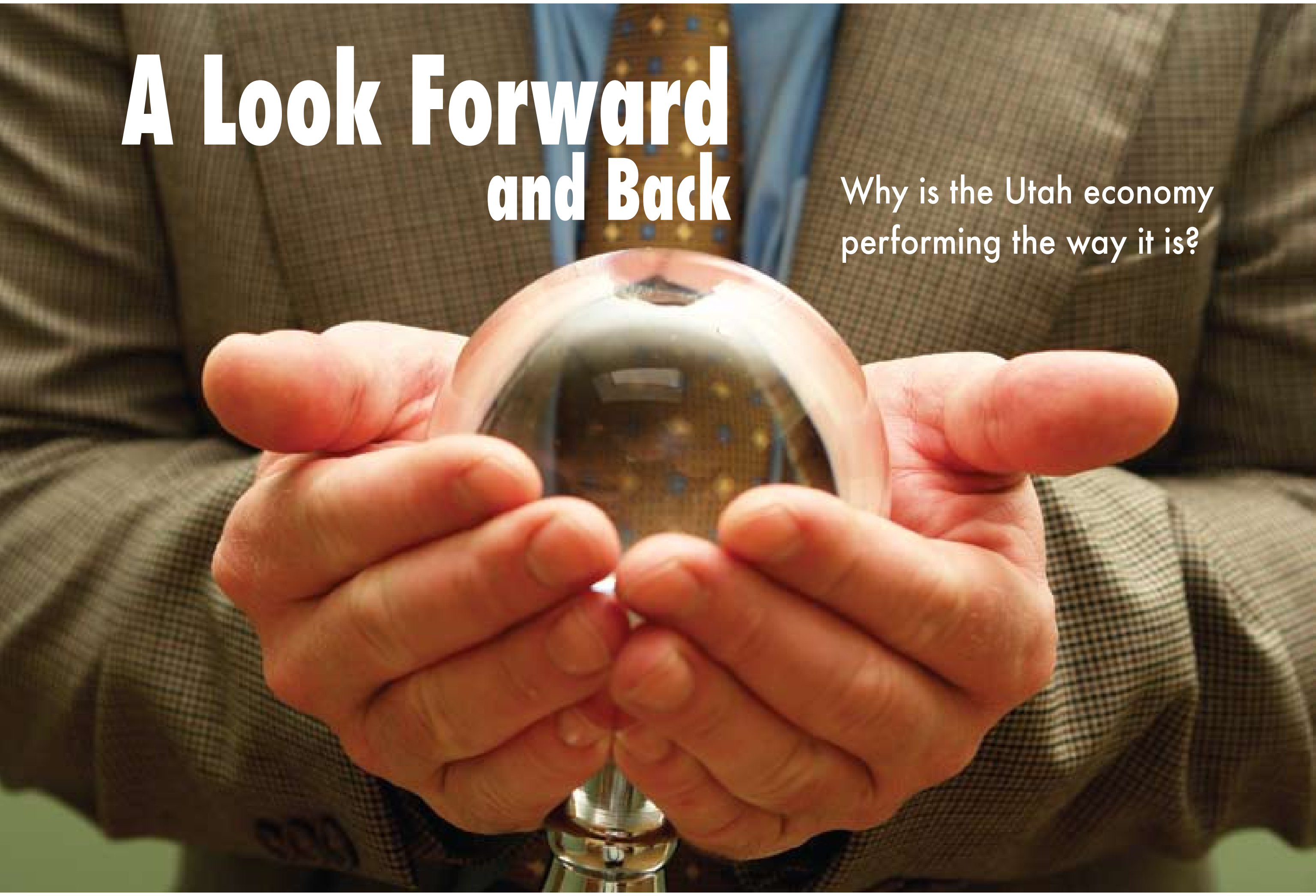
Percent Commuting to Jobs Outside County of Residence

Source: U.S. Census Bureau, 2006 American Community Survey.

2006 Means of Transportation to Work



Source: U.S. Census Bureau, 2006 American Community Survey.



A Look Forward and Back

Why is the Utah economy performing the way it is?

Every year, Trendlines dedicates its January/February issue to the theme, "A Look Forward and Back." This "look" refers to the Utah economy—namely how it performed last year, and what to expect for this year. The discussion generally revolves around the concept "what"—what happened, what to expect. This year, I would like to deepen that assessment, instead addressing the "why"—why is the Utah economy performing the way it is?

The "what" would show that the Utah economy had another stellar year in 2007. Job growth was very robust at 4.5 percent and the unemployment rate remained in the extremely low 2.5-percent range. These point to a booming economy with ample job creation and abundant opportunities. Going into this year, that picture should change little. Job growth will probably subside just a bit, as time has a way of tempering economic strength, but with no change anticipated in the unemployment rate, the 2008 economy should feel just like the 2007 economy, the only difference being that we might have one negative to watch in 2008—the housing market—whereas there were no negatives last year or the two years before that. Yet even if this emerges, a slower housing market should have only a minimal impact upon the Utah economy.

This year is set to continue the economic boom that began after the early-2000s recession. It's four years and counting. So with this prolonged economic accomplishment—and one that contrasts with the remainder of the national environment—I feel it is prudent to understand why the Utah economy is doing what it is doing, rather than just quantifying what it is doing. In this current boom, you cannot detach one year from another. It's all part of a bigger cycle. Therefore, let's explore why these multiple years are performing as one.

Putting Utah's Performance in Perspective

The defining characteristics of the current boom are the hyper-low unemployment rate and the large amount of construction activity. This burst not only creates more construction jobs, but also underscores the building boom in Utah and the further expansion of the economic foundation. Both long-term and short-term factors are at play. First

The economy has changed, and that change has opened the door for expanding population and commerce in the Mountain West.

I will introduce the long-term factor, then merge this with an explanation of the short-term factor.

The long-term factor can actually be separated into two sections: the changing nature of the United States economy and how that is favorable to the Mountain West, and the changing age and limited availability of labor in the United States.

The first is the changing nature of the U.S. economy. For most of the 200-plus years of this nation's development, the industrial revolution was the economic umbrella that dictated population distribution. That industrial environment demanded large quantities of labor, massed together in urban settings, working in factories on assembly lines to produce large physical products, i.e., machines and other industrial goods. That economic environment demanded those large physical outputs be shipped cheaply and easily, preferably using rivers, lakes, and oceans. Good roads over flat land were also a plus when water was unavailable. In this economic environment, mountains were a hindrance, not an asset. Therefore, for most of this country's development, the mountainous region of the western United States remained underdeveloped and underpopulated.

However, one can make the argument that this mountain region is one of the most beautiful and desirable parts of the country. But will the economy allow for large settlement and commerce? The new answer to that question is yes, and that answer is having a profound influence upon Utah and its long-term growth.

The industrial revolution itself has matured to the point where even it has overcome mountain barriers. With improved highways and related infrastructure, improved trucks and pulling power, and expanding and affordable air transportation, the mountains are not as formidable a barrier. Also, with the emergence of another economic option—information and communication centered upon the Internet—mountains are anything but a barrier to this expanding commerce genre.

The bottom line is that the economy has changed, and that change has opened the doors for expanding popu-

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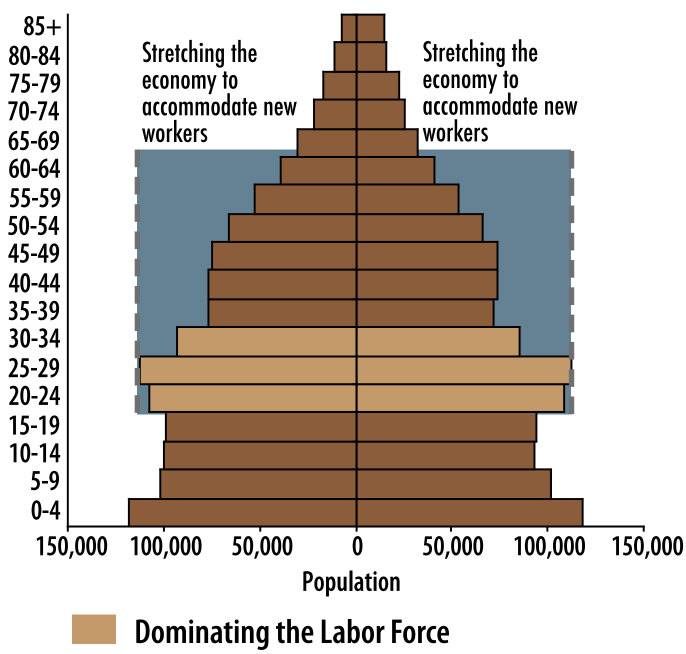
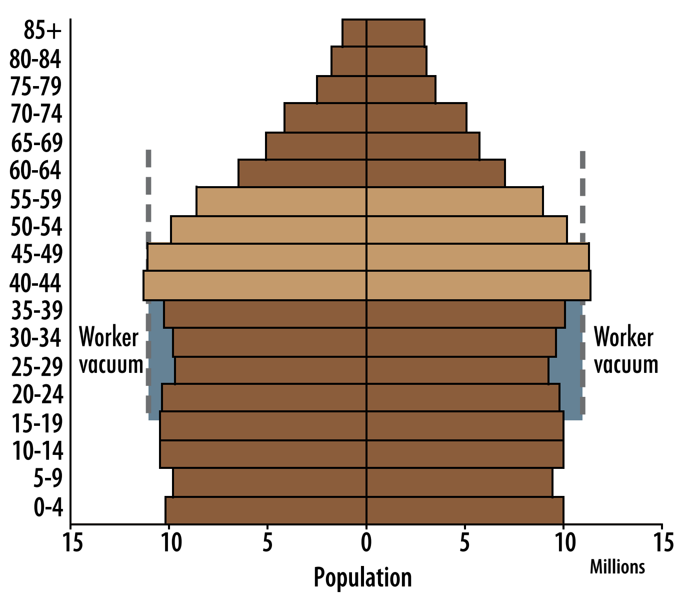
Utah's Population by Age and Sex: 2005



U.S. Population by Age and Sex: 2005



Source: U.S. Bureau of the Census.

continued from page 7

lation and commerce in the Mountain West. With Utah lying in the heart of this region, the moral of the story is that what Utah is experiencing, in terms of population growth and its resultant economic expansion, is not just a one-time or short-term phenomenon. Instead, it is a change that is only beginning, and will continue to be, a driving and dominant factor in the development and composition of Utah for many decades to come. Within this long-term framework will be periods of boom and slowdown, but the long-term trend is for continual economic growth.

The second section within the long-term framework is the labor composition of the United States economy. This is represented by the right hand population tree illustrated in the graphic on the preceding page. You will notice that the older age group of 40-to-55-year-olds dominates the United States labor force. This is the core of the Baby Boomers. You will also notice how none of the age structures below match the Baby Boom size. The Boomers long ago forced the U.S. economy to stretch to accommodate their presence. Yet, for various reasons, the Baby Boomers did not reproduce themselves in equal or greater numbers. This has created a vacuum, so to speak, of replacement workers. This vacuum is just beginning to have a profound economic impact on not just the United States, but also upon Utah.

The first stage on which this replacement-worker vacuum is manifesting itself is in the low-skill arena. By viture of education and experience, Boomers moved beyond these types of jobs long ago. Today's younger domestic workers aren't of sufficient number to fill these low-skill jobs. With the dearth of replacement workers, they have better options available to them than did the Boomers at that age. This low-skill labor vacuum is the primary reason why this country is seeing such a strong wave of in-migration flowing from south of the border. We, as a country, are struggling with the reality that this low-skill labor vacuum has a very powerful pull.

Utah's population age tree runs counter to the U.S. tree and suggests that Utah itself doesn't have that kind of low-skill labor pull. But that would be a naive conclusion. Utah's economy is just a small component within the larger United States framework. The immigrant labor pull is very strong in the western United States, and Utah lies in the very center of this region. We have seen this labor in-migration become a growing and sizeable component of the Utah labor force over the past ten years. With the face of the aging and eventual shrinking United States labor profile, this attraction should only increase with time.

This now brings us to the short-term phenomenon currently driving the Utah economy. It is that large pool of 20-to-30-year-old Utah-born workers asking for entrance into the labor market. They are illustrated in the graphic, and it's striking how large their size is in relation to how much they are asking the Utah economy to grow.

This labor group began its entrance largely at the beginning of this decade. But the Utah economy actually had no net employment growth between 2001 and 2003. The economy wasn't letting them in. If there had to be an economic downturn, the timing may have turned out to be favorable, as many of these emerging workers were young enough to have opted to defer to college and more education while the economy was making its readjustment. But at some point they had to come forward and kick the economic door down. And that is what they have been doing for the past three years and counting. Their presence seems to have reached its crescendo in 2007. However, they are of such large size and significance that their influence will still be driving the Utah economy forward for several years to come.

One of the major keys to Utah's current powerful economic growth is that this short-term internal labor boom is combining with the long-term economic change described earlier to produce this current period of strong and, somewhat self-sustaining, economic expansion. It appears it will be several more years before this short-term demographic push runs its course and Utah's economy returns to being influenced by its long-term economic factors.

This low-skill labor vacuum is the primary reason why this country is seeing such a strong wave of in-migration flowing from south of the border.

A Look at the Mortgage Financing Industry, Then and Now

Growth. In Utah that's the name of the game, at least for now. Our population is growing much faster than the national average. Our economy is growing even faster with a new job creation rate over three times the rate of the rest of the country. What does all this growth mean? More demand for goods and services, particularly those related to family creation, like home buying and the financing that makes it happen.

When newlyweds start families, they create demand for housing. That has happened in spades for Utah. Added to this indigenous demand is the imported demand created by families moving to Utah. In this article, we'll look at a component of the larger financial activities industry, that part dealing with mortgages.

The financial activities sector in Utah accounts for 6 percent of all jobs in the state. That's 72,000 of the total 1.2 million jobs. Business activity in this sector includes the Federal Reserve Bank, regular commercial banks, credit unions, securities and investment trading, insurance, and trusts and other financial activities.

Mortgage brokers and real estate credit institutions are the two sub-industries we'll be studying. In light of the national news stories of sub-prime mortgage failures, we decided to see if these national trends were impacting businesses in Utah's mortgage industry. One of the best ways to do this is to look at jobs, the number of businesses in the industry, and the level of construction activity. If employment and the number of companies in the business are declining, then perhaps the national malaise may be impacting Utah.

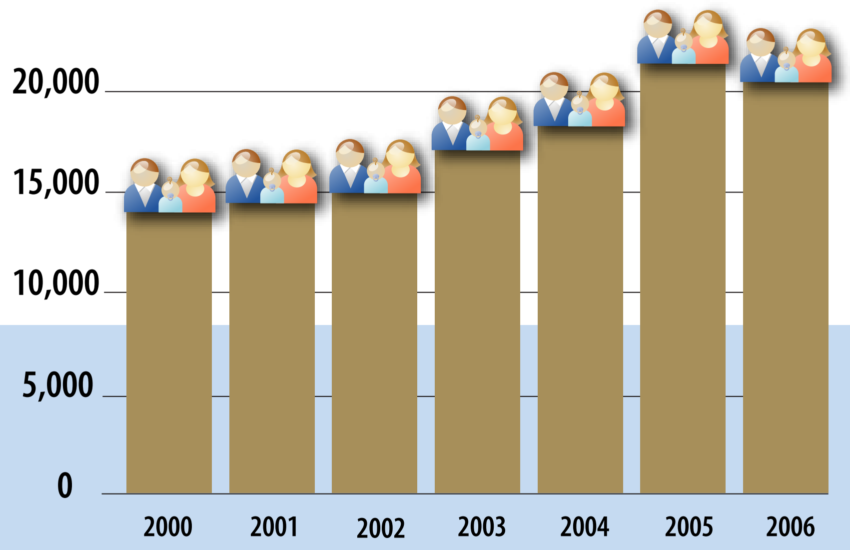
Looking back to 2000, employment in these mortgage-related industries was about 3,000. It experienced an accelerating climb by 2003 where the total was 5,200, a 60 percent jump since 2000 (see graph). Growth then slowed, and the number of jobs in this sector declined some, but in 2005 the industry turned the corner and picked up speed as the state economic recovery blossomed.

The growth in mortgage-related employment went hand-in-hand with the increases in single-family dwelling permit counts (see graph). At the same time, the number of firms in the mortgage business was increasing. That's the good news. Now, the potentially bad news. These indicators started changing after 2005. Single-family dwelling permits dropped 4.9 percent between 2005 and 2006. Also, the number of firms in the industry stopped growing and just idled at about 1,150 into 2007.

So does this industry employment, size, and construction activity analysis give us a definitive answer as to where the mortgage industry is going? Not really. It does, however, present us with perhaps a pause to ponder. Are we at the "tipping point" of a housing downturn? Single-family housing is off and we don't know the full extent of the impact of the national credit and financing soap opera upon Utah's economy. My guess is that building will continue to moderate and be buoyed by improved demand in the nonresidential portion of construction. Now we've built the rooftops (single family homes), the emphasis in construction will be the commercial building to support those new homes.

For more graphs on this article see http://jobs.utah.gov/opencms/wi/pubs/trendlines/janfeb08/mortgagereinfo.ppt

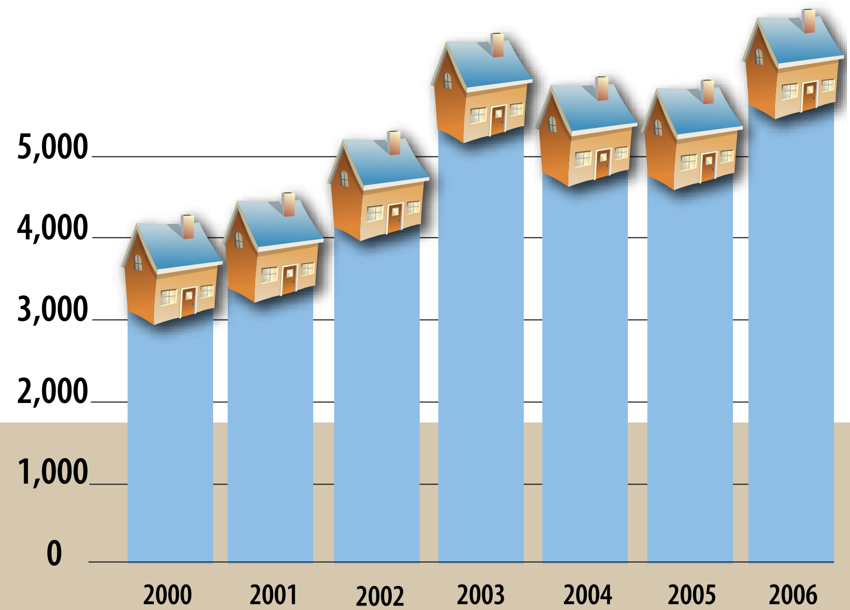
Number of New Single-Family Dwelling Units Permitted, Utah



Source: Utah Bureau of Economic and Business Research

Are we at the "tipping point" of a housing downturn?

Mortgage and Real Estate Credit Employment, Utah



Source: Utah Department of Workforce Services: November 2007

A Discussion on Utah's Housing

An expert shares his view on the current state of Utah's construction environment.

Jim Wood is the director of the Bureau of Economic and Business Research at the University of Utah. One of the Bureau's tasks is monitoring Utah's construction market, with a focus on assembling and quantifying permits and valuation for new housing construction, along with nonresidential construction. This task brings Jim in contact with many of Utah's builders. Jim recently took the time to talk with me about the current state of Utah's construction environment:

MK: *What is your summary of the current state of the Utah housing market?*

JW: On the residential side, sales of new homes have nearly ground to a halt. This is quite a contrast with the pace of new home sales and construction of the past several years. Obviously, builders are concerned because they are the ones with the greatest exposure. They have houses to move. Traffic, qualifications, and sales are all down. Their inventory is growing. They're experiencing homes sold and then suddenly not sold, as buyers either pull out or lose their financing. Naturally, builders are reluctant to continue to aggressively build. They're willing to finish the houses they have ongoing, which can carry them into the spring, but after that, they seem to be hunkering down.

New home, single-family permitting is down significantly, possibly by as much as 30 percent for this year. However, multi-family permitting is strong, as is the condominium market. But I do have some concerns about the condo market and its potential to overbuild going forward.

MK: *Why is this residential slowdown happening?*

JW: Various factors can influence a market, but this does not appear to be a problem of building too many houses in relation to too few households. Homebuilding seems to be in line with the formation of new households in Utah—they seem to be in balance. Instead, this is a credit market situation. The sub-prime meltdown is all over the news and a pessimistic psychology has now entered the market. Lenders are making it harder to qualify for loans, so even willing buyers are being turned down. But the psychology itself tends to have a powerful influence on the market, even if that psychology might be distorted. People hear the bad national news and translate it into Utah news. People start to think Utah home prices will now come down, and therefore they settle into a wait mode, expecting cheaper deals in the future. But in my 30-plus years of watching this market, home price depreciation in Utah is very, very rare. That's not to say it can't happen, but expecting it to happen seems to be betting against the odds. Even if there is a current dam blocking home sales and movement, there is a continuing flow of developing households in Utah who need a home. Prices do appear to no longer be rising, but Utah's demographic pressures and robust economy suggest that price declines as experienced nationally are not a foregone conclusion here.

The grey area in this picture is that we don't have a history for this type of mortgage pullback, therefore we don't have an example to gauge against. Unless the global financial markets freeze up, I would anticipate that the lending markets should come back to life next year. Utah's demographics suggest that the demand for housing will remain strong. We still have several more years of anticipated strong household formation as the influential demographic surge of 20-to-30-year-olds into Utah's labor market continues to unfold. Utah's strong economy and strong job growth certainly help to augment and stabilize these household formations.

MK: *Do you feel there was much speculative building as is the bane of some of our western neighbors?*

JW: Some builders feel that there was, but I don't think I see that in the numbers. Of course our process doesn't identify speculative building, but you have to try and put houses and household numbers together. Let's look back at the recent permitting buildup, which ran from 2003 and peaked in 2005. I see two factors influencing that building spike. First, we had no house-price appreciation from 1998 to 2003, therefore houses hadn't become overpriced. Second, we had a huge influx of first-time homebuyers in this decade as Utah's 1980 baby boom came of home-buying age. The economy shut them out of the market at this decade's inception, but with the economy improving, beginning in 2003, they jumped into the housing market in a big way.

The permitting peak was in 2005, so let's look at that year's numbers. The Governor's Office of Planning and Budget estimates that there were 24,000 new Utah households formed in that year. The number of permits issued for dwelling units was just over 28,000. Factor in pent-up demand from previous years and the overall house-building/household-formation picture does not seem out of line. A previous big speculative-building year was back in 1977, when 23,300 permits were issued. Utah's population then was only 1.3 million people. In 2005, the permits issued were just over 28,000, slightly higher than in 1977, but the Utah population has now grown to 2.7 million. Homebuilding in relation to the population doesn't seem out of line.

MK: *What about Utah home prices? Are they overvalued?*

JW: The housing price index from the Office of Federal Housing Enterprise Oversight would suggest not. Utah's current housing price index is right around the national average, which is a position we have been at many times before and our income levels seem comfortable with. Housing prices rose rapidly in the last two years, with the Wasatch Front recently leading the nation in housing price appreciation. That gets much exposure, but if we put it into a five-year perspective, the housing price increase becomes more subdued. In relation to other western states, only Colorado's housing price appreciation has been lower than Utah's over that time. All we have done over the past five years is have our housing prices catch up with the national average. The high-profile part is that we did it within a two-year window. The current feel I'm getting is that Utah housing price appreciation is rapidly slowing, so it looks like prices have peaked.

MK: *Can the nonresidential market make up for the housing slowdown?*

JW: Nonresidential activity in Utah is certainly booming, and it probably won't see its permitting peak until late 2008 or even 2009. There is nonresidential activity all over Utah, and its boom certainly helps to cushion any drop-offs that may occur in the residential market. But it's not certain that all residential construction workers can automatically go work in nonresidential. I'm not sure that their skills transfer that easily. It's interesting though, that even with the national housing market slowing so much, national construction employment numbers are holding steady. Nonresidential construction is doing well nationally, so I guess that serves as an example of how nonresidential can pick up the slack.

The Battle of the Sexes

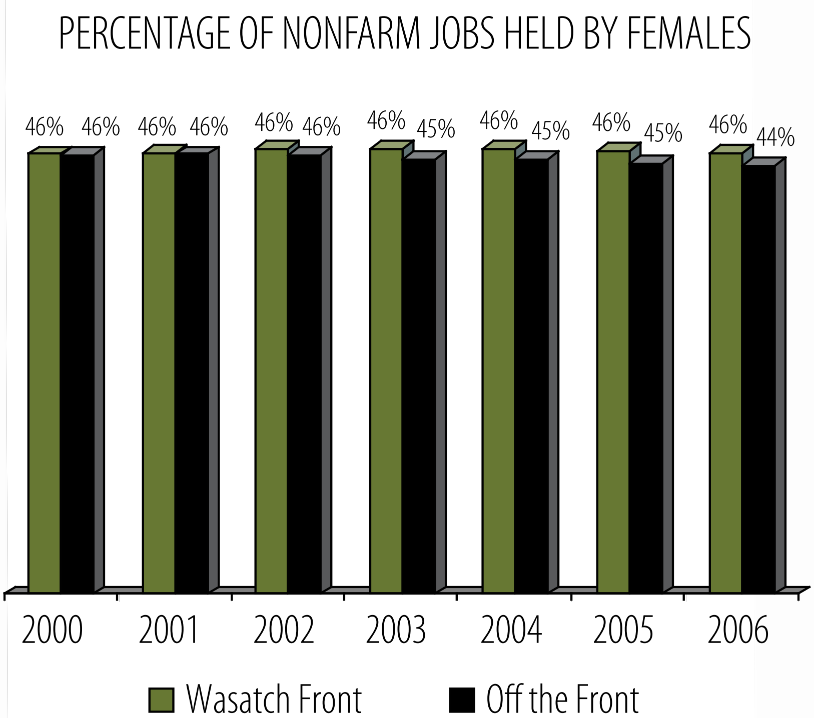
Who holds the most nonfarm jobs in Utah—men or women? "Easy," you say, "men." And, you'd be right—except in Piute, Rich, Garfield, Kane, Wayne, Grand and San Juan counties. Oh, in Sanpete County women hold half the area's nonfarm positions. Moreover, statewide, 46 percent (that's almost half) of nonfarm employment is held by females.

Why do these counties buck the norm? Interestingly, these female-dominated counties seem to cluster in two camps. Most (Garfield, Rich, Kane, Wayne, San Juan and Grand) have economies dominated by large leisure/hospitality (tourism) industries. On the other hand, Piute and Sanpete Counties show a comparatively large share of agricultural employment which isn't captured by this administrative data.

Young Women Rock the Labor Market

When counties off the Wasatch Front are grouped together, females outnumbered males in the younger age groups (14-21 years old) during 2006. In Garfield County, more than 60 percent of the workers in this age group were females. However, this pattern of young women workers outnumbering young male workers holds up in the Wasatch Front counties, too.

Although an absence of a significant number of young men for missionary and military service probably cuts into the 19-21-year-old male counts, it fails to explain the higher numbers of young women in the 14-18-year-old group.



Source: U.S. Census Bureau; Local Employment Dynamics.

Taking a Break

Perhaps the most striking difference between the counties on and off the Wasatch Front occurs in the 25-34-year-old age group. Of course, this is the time that many young mothers take a break from the labor force to raise children. For both sets of counties, the share of women workers in this cohort drops.

However, it declines much more dramatically in counties outside the Wasatch Front. In 2006, only 40 percent of workers aged 25-34 were women in non-Wasatch Front counties. The next lowest share was the 20-24-year-old category, at 43 percent.

Slip-Sliding Away

Finally, both sets of counties on and off the Front started the century with almost identical shares of female nonfarm job workers (45.7 and 45.6 percent respectively). However, by 2006 the Wasatch Front counties had seen a slight increase in the share of female workers (45.8 percent), but the non-Wasatch Front counties' share of female workers dropped significantly to 44.4 percent. This change seems to have occurred because of a larger-than-average influx of 19-21-year-old male workers and also significant growth in the types of industries that typically employ males—construction and mining.

The most striking difference between the counties occurs in the 25-34-year-old age group.

Source: U.S. Census Bureau; Local Employment Dynamics.

Go West...

and grow up with the country.

John B. L. Soule, 1851

The expansion westward began with the founding of the nation. Of course, "west" at that time meant Ohio. Still, the trend that began long ago remains intact today. When we look at employment growth, the areas showing the strongest growth are located in the West and South.

Data from the Current Employment Statistics (CES) program confirms this fact. The average annual rate of job growth, from January 1940 to September 2007, was strongest in the South and West. Nationally, over this nearly 68-year period, jobs expanded at an average annual rate of 2.2 percent. The most robust growth was in Nevada at 4.9 percent and Arizona at 4.3 percent. Only two other states exceeded 3 percent in average annual growth—Florida and Alaska.

The question is, what factors drove the jobs to the West and South? Certainly, there are multiple factors, but among the more prominent are climate, demographics, and the growth of service-based industries.

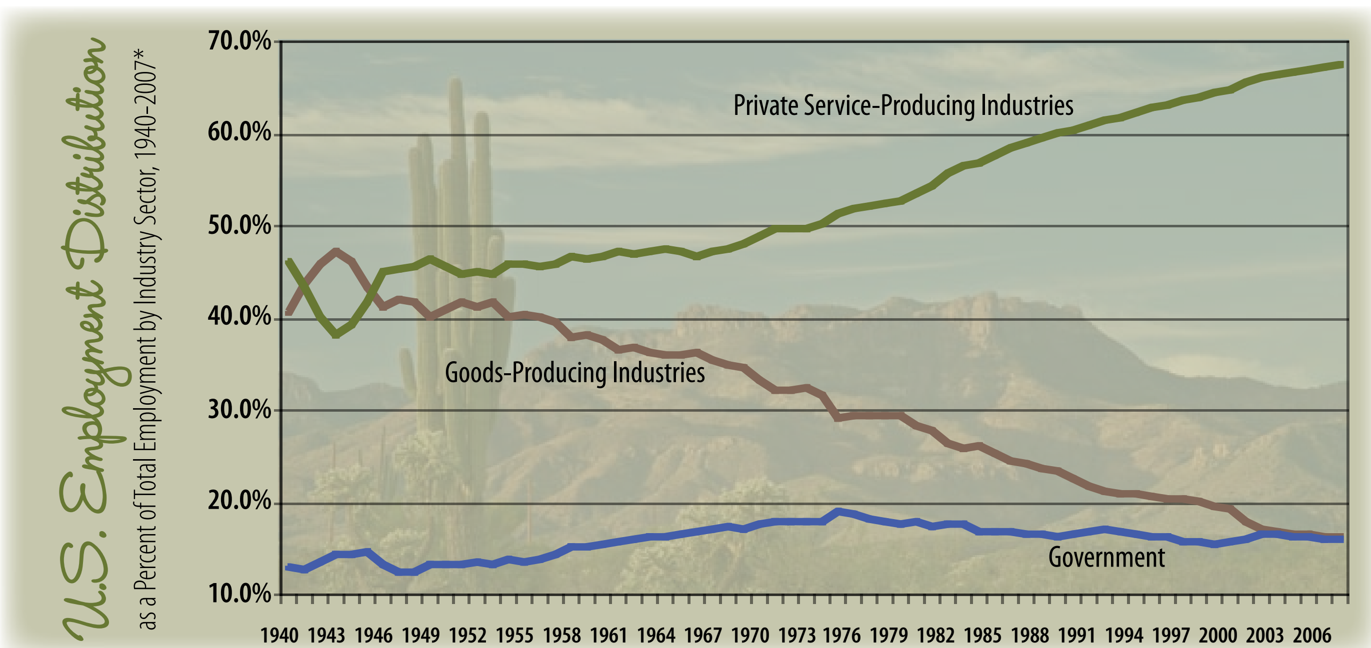
Anyone who has spent a winter in Buffalo knows it is cold and harsh. The movement to warmer climates became a natural draw for people. As they migrated to warmer climes they brought with them businesses and jobs. Making this change easier was the transformation from an economy based primarily on agriculture and heavy manufacturing to a more service-based economy. Service-based businesses found these warmer areas well suited to their needs. Technological change also played a major role, replacing labor while at the same time increasing output. This resulted in more capital investments for new business ventures in these areas.

Demographics also impacted the movement of jobs to the West and South. The populations in these areas have traditionally grown faster and are younger than their northern counterparts. This provided the skilled labor pool necessary for business expansion. These areas also adapted more quickly to the changing nature of the nation's industrial mix.

The forces mentioned above are still at work. They bode particularly well for the mountain states. This area currently enjoys the strongest rate of employment growth in the nation. While the trends will continue, there will also be new challenges as global economic growth changes the expansion of business and employment opportunities.

For more information see the following links:
- http://jobs.utah.gov/jsp/wi/utalmis/gotoCounties.do
- http://www.bls.gov/ces/home.htm
- http://www.bls.gov/sae/home.htm

For additional Maps on Average Annual Employment Growth by Decade click here:
- http://jobs.utah.gov/opencms/wi/pubs/trendlines/janfeb08/jobsbydecade.ppt



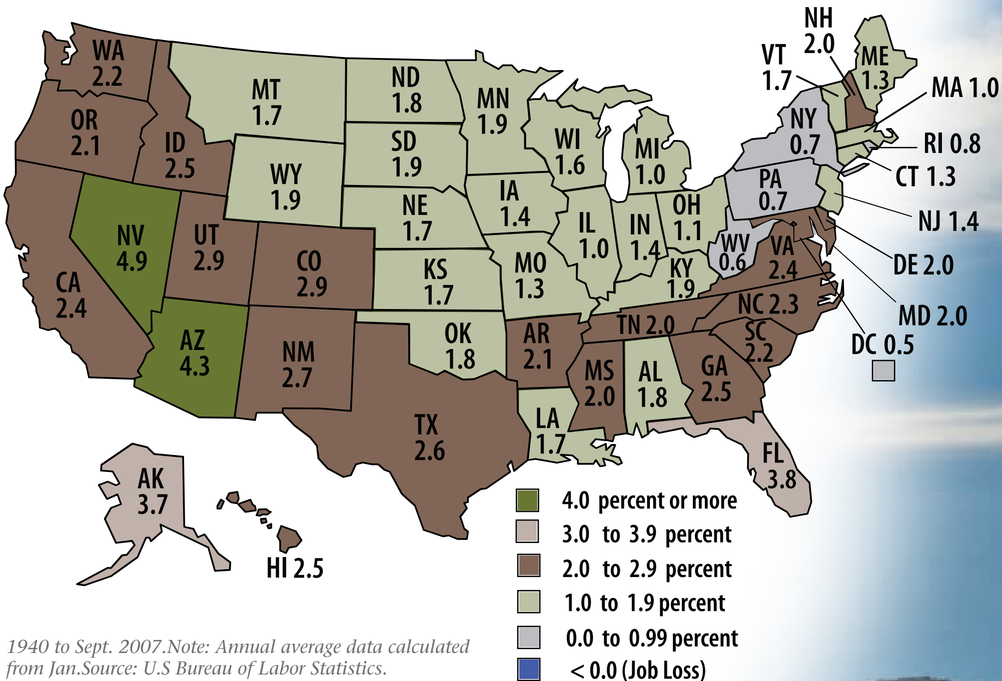
*Source: Bureau of Labor Statistics.*Note: 2007 data is annual average employment through Sept. 2007.*

Average Annual Rate of

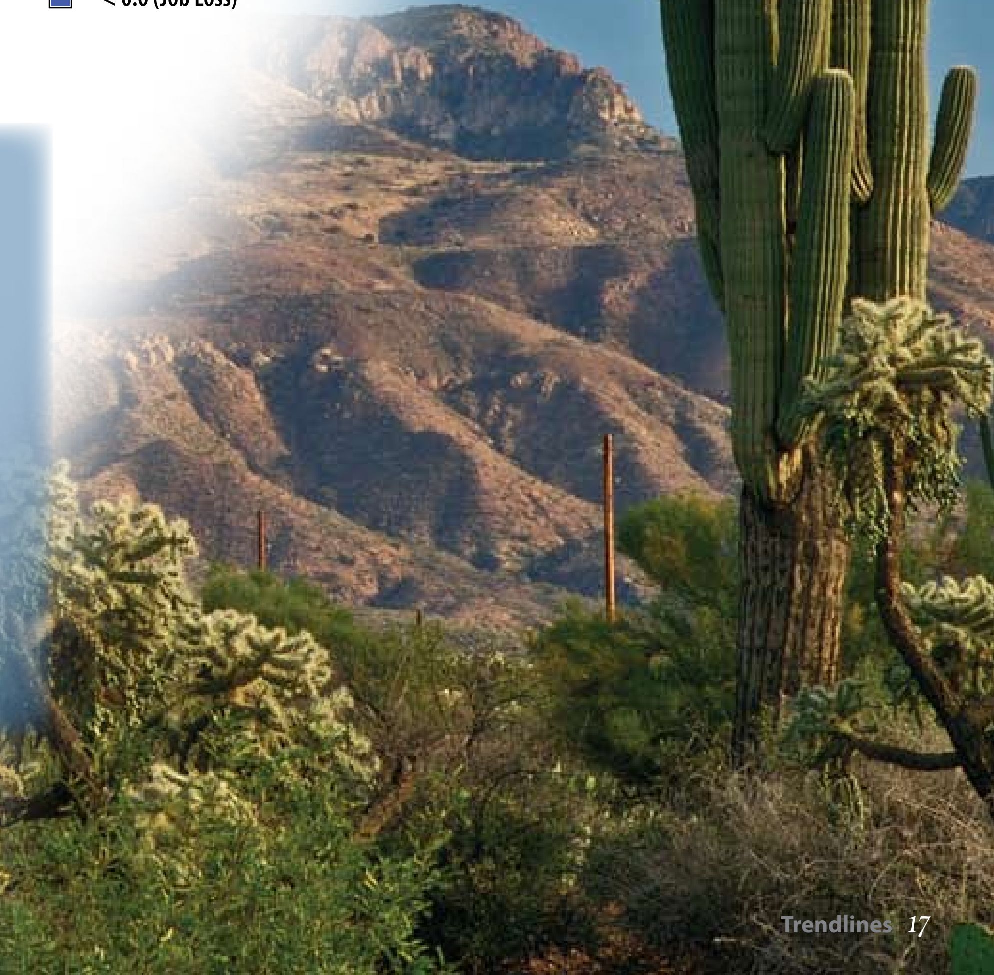
Year-Over Employment Growth

by Census Regions: 1940–2007

U.S. Rate = 2.2%



1940 to Sept. 2007.Note: Annual average data calculated from Jan.Source: U.S Bureau of Labor Statistics.



Employment growth is strongest in the West and in the South.

Emerging Occupations

The economy is dynamic and so are its occupations. Like the economy, occupations also change and evolve. The Bureau of Labor Statistics defines new occupations as those that "are becoming numerically important or emerging due to technological change and are specific to the new or emerging industries they are born to." A number of other factors also contribute to emerging occupations, such as demographics, laws, business practices, and consumer preferences.

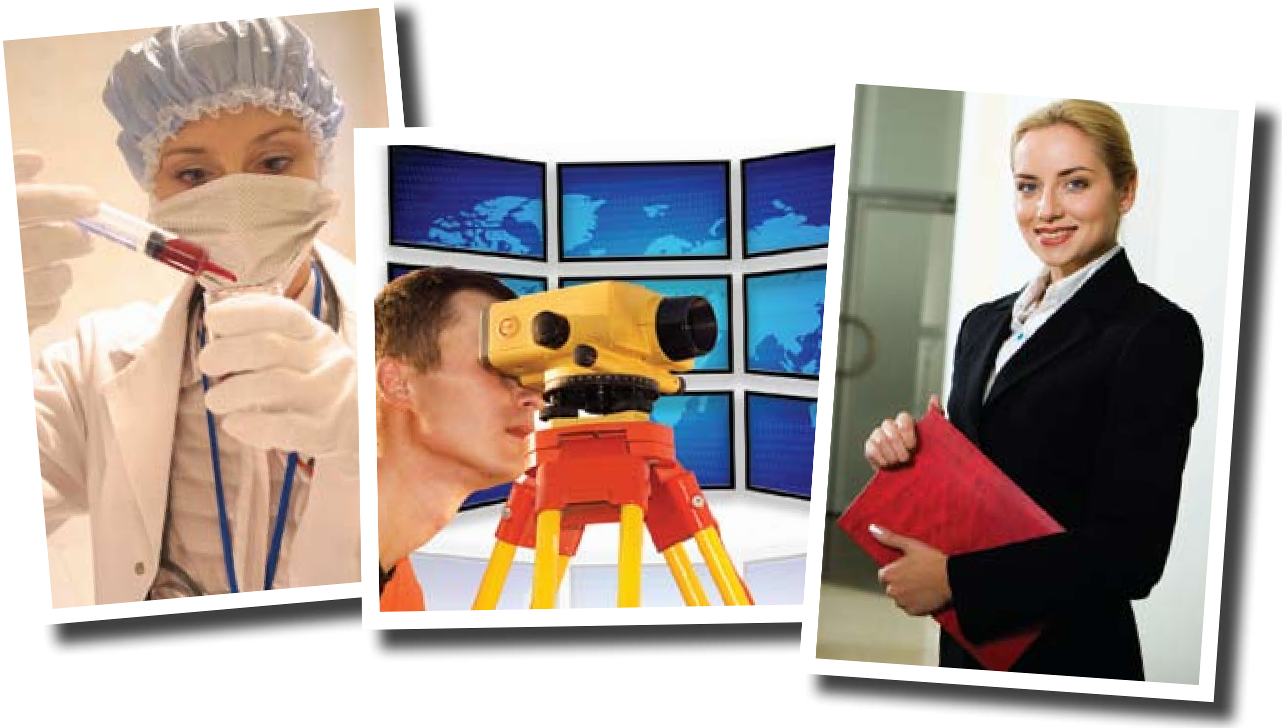
The first occupational classification system was established with the 1850 Census. As time progressed, so did the nature of business and the occupations needed to do business. The Standard Occupational Classification (SOC) is the current exhaustive classification system for occupations. The SOC was last revised in 2000 and currently includes over 820 occupations. The next revision of the SOC is scheduled for 2010. Data is gathered from a number of sources to determine which and if new occupations should be included in the revision.

Through the Occupational Employment Statistics (OES) program, the Bureau of Labor Statistics, in collaboration with state agencies, collects data on occupations, wages, and staffing patterns within industries. Supplemental pages are provided with the OES form that allows employers to report job titles that are not on the standardized list for their industry. If these occupations do not correspond to one of the SOC codes, they are designated to a residual code in a major occupational group and submitted to the Bureau of Labor Statistics.

The Occupational Information Network (O*NET) publishes an expanded occupational taxonomy based on the SOC. A methodology for identifying new and emerging occupations was established by O*NET, although the new and emerging occupations are not meant to predict what occupations will emerge. Through taking a snapshot of the labor market, and comparing it to their criteria, growing occupations that currently exist and cannot be classified elsewhere can be identified.

In June 2007, O*NET released a list of 102 new and emerging occupations which were approved for further data collection. The occupations were from the following industry sectors: advanced manufacturing, biotechnology, construction, energy, financial, geospatial, healthcare, hospitality, information technology, retail and transportation. The occupations within these sectors will be examined and considered for inclusion into the O*NET-SOC taxonomy.

It is important to note that not all occupations designated as new or emerging will actually become permanent occupations. The skill set for a new occupation can be subsumed by an existing occupation and there will no longer be a need for the new distinct occupation. A new technology, service or product may be created and there is little or no demand for it. Or the number of individuals in the occupation may never grow past a point to justify its inclusion as a permanent occupation. Nevertheless, new and emerging occupations can provide many opportunities for individuals seeking new and cutting-edge careers.



Examples of New and Emerging Occupations

Job Title	Industry Sector	Definition
Biochemical Engineers	**Biotechnology**	Apply knowledge of engineering science principles to biological materials, processes, and systems to create new products such as vaccines and foods.
Patient Representatives	**Healthcare**	Assist patients in obtaining services, understanding policies and making health care decisions.
Geospatial Information Systems Technicians	**Geospatial**	Assist scientists, technologists, and related professionals in building, maintaining, modifying, and using geographic information systems (GIS) databases. May also perform some custom application development and provide user support.

*Source: O*NET*

In Perspective:

Recent Changes in Labor Market Trends

Every now and then we as economists stumble across a statistic that makes us go, "hmm." While we look at many different numbers on any given day, most go by without much interest. However, one particular statistic—the employment to population (e-p) ratio—is provoking head scratching and discussion. This seemingly simple variable, which simply measures the percentage of working people of the entire population, has wobbled quite substantially since the beginning of the 1991 recession. Indeed, the e-p ratio has slid from a high of 64.7 in April 2000 to a low of 62.0 in September 2003. The latest data from September 2007 has the nation's e-p ratio at 62.9, an improvement, but still well below the previous high.

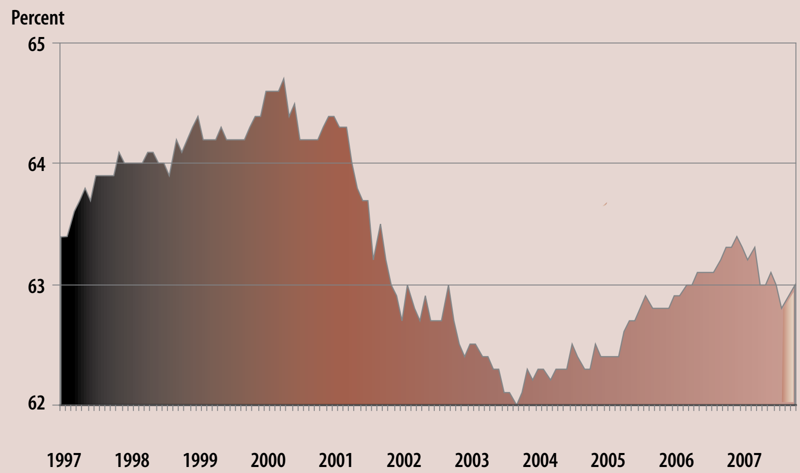
Of course, the immediate question that arises is, "so what?" There is a measly 1.8 point difference between the peak and now. That small number hides the true magnitude of the waves it is causing in the nation's labor market. To give us some perspective, let's turn to a small thought experiment. In September 2007 there were roughly 146.3 million workers in the country. If that month's e-p ratio were increased from its reported 62.9 to 64.7, the high of April 2000, what would the impact be? Simply put, the number of people working would rise to 150.4 million—an increase of more than four million workers! Perhaps this explains in part why there is still considerable unease about the nation's economy, even in the face of strong growth. Regardless, the real story only starts here with this surprising finding. There are actually many interesting interior dynamics at play just under the surface.

Clearly, one of those dynamics—as our thought experiment revealed—is that there are potentially some people "missing" from the ranks of the employed. Delving into the data it becomes clear that nearly every major age group, regardless of sex, has seen a drop in their e-p ratio. However, the most obvious decline is for teens ages 16 to 19. Between April 2000 and the present, the e-p ratio for males in this age group has fallen more than 13.0 points, with females posting a 10.2 point slide. After the recession, teens did not reenter the labor market to the same extent as before. Detailed data appears to suggest that the bulk of those teens that have remained outside the labor force are high school students. Why they are not reentering the labor force is unclear. It may be due to stiffer competition from other workers or the desire to spend more time playing video games. Research into this question is ongoing.

Another important dynamic that is apparent upon digging into the data—but is somewhat lost in the shuffle—is the increasing share of the over-55-year-old population that is working. Obviously with the baby boomers getting older we would expect this age group to swell, but what is interesting is that the e-p ratio of these people has been increasing steadily over the last year. That means, even though the population of this age group is increasing, the number of workers in this group is growing faster. Of all the age groups studied, the over-55-year-old group—for both sexes—is the only one that shows an increase in its e-p ratio. Why this increase? That too is hard to say. Financial insecurity in the face of retirement, a desire to maintain a professional career, or in the case of women, perhaps just making gains after reentering the labor force after raising children, could all be playing a factor.

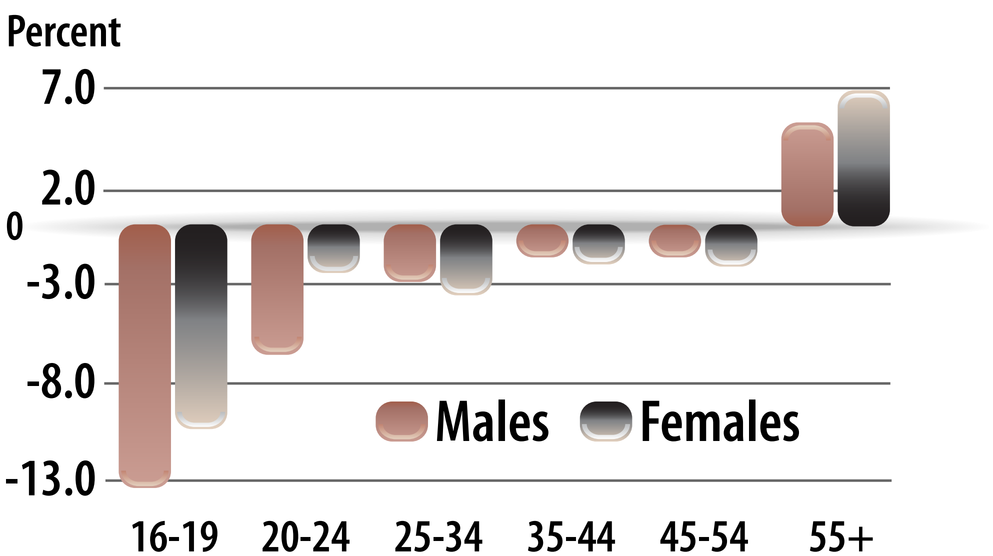
E-p ratios provide us an interesting window into the labor market. Even with changes in the relative size of any given age group, we don't expect the ratio to change dramatically. However, when they do, we do well to pay attention. They might be telling us something. Looking forward, delayed entry into the labor market for teens may be a good or a bad thing. They might spend more time on their studies and thus be more productive when they do get a job. However, they may also miss out on the skill-formation opportunities a job offers for people their age. On the other end of the spectrum, expect to see continued increases in the participation of people older than 55 in the labor market. This will likely be crucial for the economy as these workers hold much of the institutional knowledge in most organization. The loss of which could be problematic for many firms.

U.S. Employment/Population Ratio 1997-2007



Current Population Survey, Bureau of Labor Statistics.

Percent Change in Employment/Population Ratio by Gender and Age Group 2000 - 2007



Source: Current Population Statistics, Bureau of Labor Statistics.

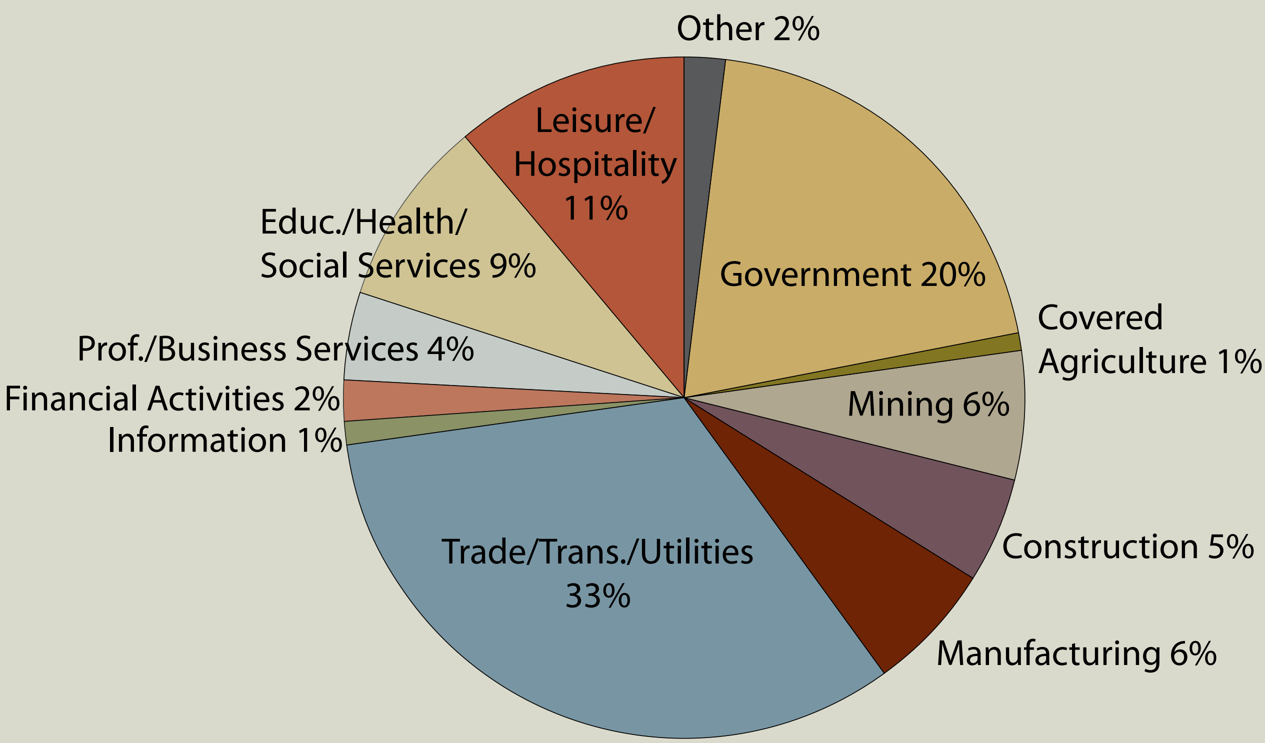
Sevier County

Physicists sometimes talk about critical mass—the minimum amount of fissionable material to sustain a nuclear reaction. In some ways, Sevier County seems to have reached an economic critical mass—the population and economic base needed to move economic expansion to a higher level. New and old discoveries of natural resources coupled with a prime location on Interstate 70 and an expanding population base suggest Sevier County should continue climb the economic ladder.

Employment numbers indicate Sevier County has been on a wild economic ride during the past several years, bouncing from job losses in 2003 to a 6-percent gain in 2004 to job losses again in 2005. During 2006, the county managed to bounce back to a moderate level of economic growth—roughly 4 percent.

A high concentration of trucking companies and a role as a regional shopping hub combine to make Sevier County's trade/transportation/utilities industry the largest producer of employment.

2006 Sevier County Jobs Distribution by Industry*



*Includes covered agriculture
Source: Utah Department of Workforce Services.

A View Through a Rear View Mirror

Ten years ago as the Department of Workforce Services (DWS) was taking its baby steps it had a grand vision towards a future of one-stop and "no stop" services. As visionary as we'd like to think we were, we did not see the future as it is now. Exponential technology changes, though expected, outpaced our expectations. Cell phones had just evolved from bricks to flips, look what they do now! We knew the Internet would be big in providing some services and become a clearinghouse for information, but looking backward through a rear view mirror, some of those visionary milestones resemble ancient technology. Technology clearly outpaced our vision, and we've embraced it as we've moved along. Modernization and partnerships are key to our success and ongoing progress.

The idea that DWS would be a collaborative partner with other state agencies and private industry was a guiding principle when the department was created. Today partnerships are essential as we address the critical workplace and workforce needs in terms of a trained, educated and skilled workforce. Training needs in emerging occupations using emerging technologies have blurred the lines between the private and public sectors. Education, government and private industry all need to sit around the table. And they have; brokered through the State Council on Workforce Services.

All enterprise, be it government or the private sector, employ technology to improve productivity and maximize resources. All customer segments expect more, and that includes our customer base. The idea of brick and mortar with set hours and days of operation as the sole point of access is becoming the exception rather than the norm. We believe more service options improve customer service. Our efforts are designed to increase access to services, respond to changes in demographics and technology and reduce administrative costs.

We expect change to be ongoing and for technology to drive us forward, but we'll continue to keep an eye on that rear view mirror.

Who's Moving to Dixie?

While recent population estimates show that Utah County has dethroned Washington County as the fastest growing county in Utah, this southern Utah county's rapid growth still engenders speculation about just who is moving to Utah's Dixie. After all, in the past 30 years, the county has managed to almost double its population every decade.

Thanks to the demographic information provided by the U.S. Census Bureau's American Community Survey, we now have an unprecedented chance to determine just who is relocating to Washington County. Keep in mind that these are permanent residents, rather than those with "second" homes in the area. Yet, the answers may surprise you.

While 2005 represented the height of the building boom in the St. George area, 2006 also registered strong in-migration. However, in both years what group did the most moving? Current residents. In 2006, 45 percent of movers already lived within the county. During that same year, 29 percent of movers arrived from other Utah counties, while another 21 percent relocated from other states. That's a switch from 2005, when out-of-state movers outnumbered out-of-county Utah movers. Finally, in 2006, about 5 percent of new residents arrived from other countries.

And guess what? All those people moving in weren't exactly seniors. In fact, almost one-third of incoming residents from other Utah counties fell in the 25-34 year-old category, 24 percent were 18-24 years old and 25 percent were under the age of 18. Only 3 percent of those moving from other Utah counties were aged 65 or older.

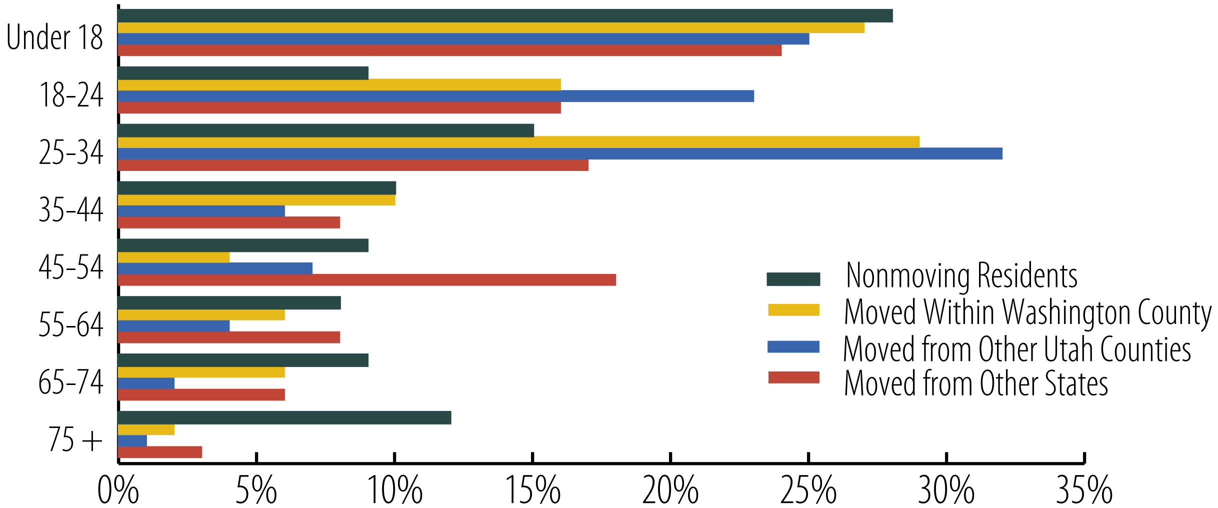
Those moving from other states tended to be only somewhat more mature. About 18 percent were between the ages 45 and 54. However, roughly 57 percent of those moving from other states were under the age of 35. Only 9 percent were 65 and older.

Other interesting facts revealed by the American Community Survey:

- About 60 percent of those moving to Utah are married.
- Adults moving from a different state tend to have higher levels of education.
- Adults moving from abroad have very low levels of formal schooling.
- Those moving from out-of-state showed the highest poverty rates This may be because retiree move-ins are asset rich, but "income" poor. For example, many early retirees may own nice homes, cars, boats, and have large bank accounts--they have lots of assets and everything is paid for. However, poverty rates are assessed based only on current income not assets. Retirees actual income (pension payments, social security, interest payments) may be relatively low..
- Only about one-half of those moving from out-of-state owned their own home, compared to 80 percent for those who did not move.

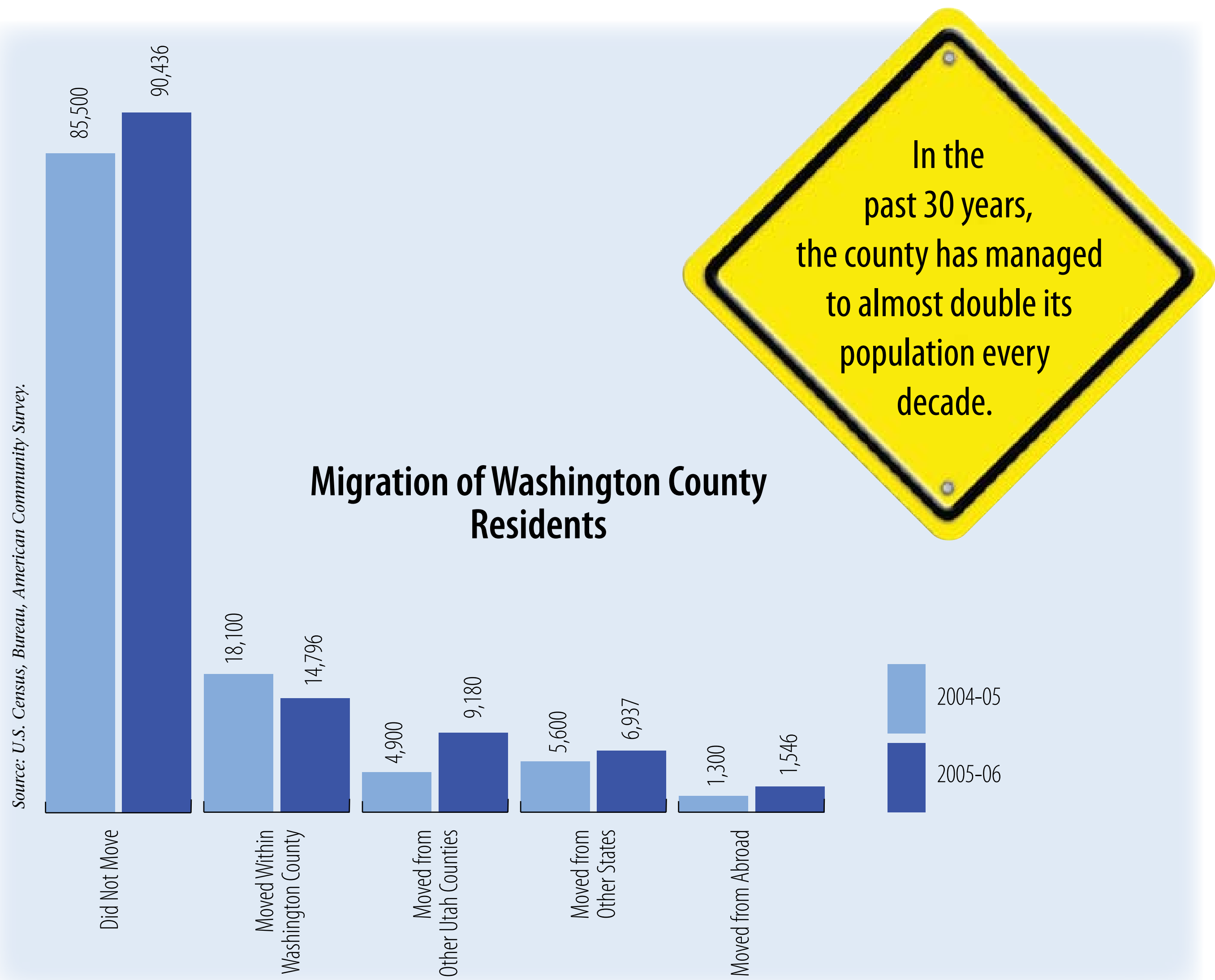
For more information see: http://www.census.gov/acs/

2006 Age of Washington County Residents by Residence One Year Ago



Source: U.S. Census, Bureau, American Community Survey.

Migration of Washington County Residents



Source: U.S. Census, Bureau, American Community Survey.

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For more information,
go to **jobs.utah.gov** and click on *Work/Life Awards*,
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The Utah Work/Life Award is presented by the Department of Workforce Services / Office of Work & Family Life just the facts...

October 2007 Unemployment Rates

		Changes From Last Year	
Utah Unemployment Rate	2.8 %	Up	0.2 points
U.S. Unemployment Rate	4.7 %	Up	0.2 points
Utah Nonfarm Jobs (000s)	1,275.3	Up	4.3 %
U.S. Nonfarm Jobs (000s)	139,253.0	Up	1.2 %
October 2007 Consumer Price Index Rates			
U.S. Consumer Price Index	208.9	Up	3.5 %
U.S. Producer Price Index	168.6	Up	6.1%

Source: Utah Department of Workforce Services

October 2007 Seasonally Adjusted Unemployment Rates

Beaver	2.5 %
Box Elder	2.9 %
Cache	2.2 %
Carbon	4.1 %
Daggett	3.8 %
Davis	2.6 %
Duchesne	2.7 %
Emery	3.6 %
Garfield	5.6 %
Grand	4.6 %
Iron	2.9 %
Juab	3.2 %
Kane	3.5 %
Millard	2.6 %
Morgan	2.8 %
Piute	2.8 %
Rich	2.5 %
Salt Lake	2.6 %
San Juan	5.7 %
Sanpete	3.4 %
Sevier	2.8 %
Summit	2.6 %
Tooele	3.0 %
Uintah	2.4 %
Utah	2.6 %
Wasatch	3.0 %
Washington	2.8 %
Wayne	4.0 %
Weber	3.2 %

Watch for these features in our

Next Issue:

Theme:
Training/Education Levels

County Highlight:
Sanpete

Occupation:
"Glamour" jobs

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